THE CURRENT STATE OF ECONOMIC AND TECHNICAL COOPERATION IN APEC: A NEW BEGINNING OR AN OLD REVISED AGENDA? *

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1. Introduction

Economic and technical cooperation or ECOTECH is really the Talk of the Town today in APEC. In almost every APEC meeting, whether within the official APEC circle or outside it, the subject of ECOTECH is likely to be brought up and discussed among participants. In the Brunei year of APEC Summit last year, ECOTECH was a major focus of the discussion from the first senior official meeting (SOM1) to the last senior official meeting (Informal SOM or SOM4), culminating in the Ministerial and Leaders' statements that emphasised human capacity building as one of the main deliverables for that year.[1] This special focus on human capacity building was carried over from Brunei to China this year in 2001, and jointly, they had just finished organising a very large meeting in Beijing in mid-May 2001 called the High-Level Policy Meeting on Human Capacity Building where policy makers and high-ranking officials in member economies, business and community leaders, and educators throughout the APEC region were invited to show their visions on how to build human capacity in APEC member economies and exchange their views on this important ECOTECH matter. Even the meeting of APEC Trade Minister in June this year in Shanghai, progress on ECOTECH initiatives was one of the main items in the agenda discussed at the meeting.

Why is there so much interest in ECOTECH recently? Perhaps the failure of major trading nations of the world, particularly in North America and Europe, to agree on the launch

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[1] The position of Brunei on this ECOTECH matter was contained in its major document called 'Human Capacity Building in APEC: Meeting the Needs of the 21st Century' which came out in September 2000.

of a new round of multilateral trading negotiations in Seattle in late 1999 was one of the reasons for the setback in trade liberalisation, which, relatively speaking, gave added importance to ECOTECH matters. Others have argued that the increased movements towards bilateral free trade agreements (FTAs) among APEC members in the last two years have also given rise to the ECOTECH element of APEC at the expense of the trade and investment liberalisation element of APEC. While the above reasons are not entirely valid or accurate, they have helped strengthen the posture of ECOTECH in APEC. More important reasons probably lie in the fact that there are actually several real attempts both by the official APEC and those who are outside but are associated with APEC to initiate several changes in the ways APEC has set and operated its ECOTECH agenda. The pertinent question to be asked is: Is this true? If it is, then, what is happening with ECOTECH in APEC at the moment represents a new beginning for ECOTECH in the APEC process. If not, then, what has happened is a transient phenomenon, something like the Flavour of the Month that will lose public appeal after a while.

The main purpose of this paper, therefore, is to investigate the current status of ECOTECH in APEC, to see whether the changes that have already taken place in the last two years represent a new beginning for ECOTECH in APEC or whether they are simply an old agenda being given a facelift. The paper will be divided into 5 sections. After this Introduction Section, Section 2 briefly discusses the origin ECOTECH in the APEC process, and looks at the current ECOTECH agenda in APEC with emphasis on its structure, outcomes and problems associated with its implementation. Section 3 analyses plans for the re-organisation of ECOTECH operations in APEC. Section 4 considers three specific areas that promise a new beginning for ECOTECH in APEC: The Updating of Part 2 of the Osaka Action Agenda, the preparation of the Human Capacity Building Strategy Report, and the establishment of the Individual Action Plan on ECOTECH or ECOTECH-IAP. Section 5 gives a concluding remark.

2. Origin, Structure and Problems of ECOTECH in the APEC Process

By now the story on the origin of APEC is so well known as to obviate any need to repeat it here. But the same thing cannot be said about the origin of ECOTECH component in APEC. Although it is true that several working groups were created at the same time as the creation of APEC with its main emphasis on trade and investment liberalisation and facilitation, we could not say that these working groups were set up to directly promote economic and technical cooperation among members. The earliest time that the idea of economic and technical cooperation element in the way

we understand it today was suggested to be included in APEC alongside trade and investment liberalisation and facilitation was at the Ministerial and Leaders' meetings in Indonesia in 1994 when Indonesia, the host for APEC Summit that year, made it clear that trade and investment liberalisation and facilitation be accompanied by 'development cooperation' aimed at developing capacity in the developing economies to be able to take part in the liberalisation process. The term 'development cooperation' was later changed to 'economic and technical cooperation' or ECOTECH to make sure that APEC would not turn into another forum for developmental aid.

The clearest sign of the birth of ECOTECH was when Japan announced its Osaka Action Agenda (OAA) during its 1995 APEC Summit. In Part 2 of this historic document, the subject of economic and technical cooperation was clearly discussed, and the action plans laid out. According to this Part 2 of the OAA, the three basic principles of ECOTECH development for APEC economies will be as follows:

(a) APEC economies "…pursue economic and technical cooperation in order to attain sustainable growth and equitable development…, while reducing economic disparities among APEC economies and improving economic and social well-being". It was expected that such efforts would also facilitate the growth of trade and investment in the region.
(b) APEC economies "…conduct economic and technical cooperation on the basis of the principles of mutual respect and equality, mutual benefit and assistance, constructive and genuine partnership and consensus building". And,
(c) In pursuing the above objectives, APEC economies will develop an environment favourable to the effective operation of market mechanisms and integrate into the cooperation process the business/private sector as well as involve wherever possible other pertinent institutions".

Thirteen specific areas were listed in this Part 2 of the OAA where Common Policy Concepts, Joint Activities, and Policy Dialogue were the three essential elements to be taken into account. [2] These 13 specific areas for economic and technical cooperation include (1) human resource development; (2) industrial science and technology; (3) small and medium enterprises; (4)

[2] A Common Policy Concept requires a setting up of goals, basic principles and priorities in each specific area of APEC economic and technical cooperation. A Joint Activity would call for compilation and sharing of data and information, surveys, training, seminars, research and technical demonstrations. Finally, a Policy Dialogue on economic issues pertaining to these 13 specific areas of interest will be conducted.

economic infrastructure; (5) energy, (6) transportation; (7) telecommunications and information; (8) tourism; (9) trade and investment data; (10) trade promotion; (11) marine resource conservation, (12) fisheries; and (13) agricultural technology.

In 1996 Philippines was the host for that year's APEC Summit. ECOTECH got further refinement from APEC leaders. The Manila Declaration on an Asia Pacific Cooperation Framework for Strengthening Economic Cooperation and Development identified 6 priority areas of ECOTECH, namely:

- Development of human capital;
- Development of stable, safe and efficient capital markets;
- Strengthening of economic infrastructure;
- Harnessing of technologies for the future;
- Safeguarding of the quality of life through environmentally sound growth; and
- Development and strengthening of the dynamism of small and medium enterprises.

Together, this Manila Declaration and the 1995 OAA have become the guiding principles of how ECOTECH agenda would be set in APEC. Note that while priority areas were set and plan of action suggested, these ECOTECH activities were left for all economies and existing APEC working groups and other fora to handle by themselves. Whereas the coordination of the work on trade and investment liberalisation and facilitation was being undertaken by the Committee on Trade and Investment (CTI), there was no similar organisation or administrative institution to take care of ECOTECH matters. This gave rise to a debate in the following year, in Canada, which played host to the 1997 APEC Summit. Some major developed economies members objected to the creation of this special administrative unit to coordinate the ECOTECH work, saying that such creation might dilute the importance of TILF which was the primary objectives of APEC and might turn APEC into a mutual aid-giving and aid-receiving organisation, while some major developing economies members insisted that a special administrative unit to coordinate ECOTECH activities was needed as the main issue was economic and technical cooperation, not aid-related developmental activities. In the end, a compromise was reached whereby this administrative unit to coordinate ECOTECH activities was set up, not as a committee like the CTI or the Economic Committee (EC), but as a sub-committee attached to SOM and to be officially known as the SOM Subcommittee on ECOTECH or ESC for short. As this strange creature works with, and reports to SOM directly, it has the same status as the CTI or the EC, except that it normally does not report to APEC Minister Meeting (AMM) like the other two committees.

So, the ESC came to life in 1998 when Malaysia hosted the 1998 APEC Summit. The ESC is headed by a chair who is selected from nomination from member economies for a term of two years. Members of the ESC can be senior officials of APEC member economies themselves, or they can designate their representatives to participate in the ECS meetings which take place at the same time as the SOM meetings (either before or after the SOM meetings). Apart from serving at the instruction (and pleasure) of the SOM, the ESC has no oversight authority over any other APEC fora, except one subgroup called Group on Economic Infrastructure (GEI). [3] The APEC Secretariat now assigns one senior officer to work with the ESC Chair, while the ESC Chair usually has his or her own special assistant at his or her home base to help in his or her work. In 1999, the post of Vice Chair was created but the sharing role between the ESC Chair and Vice Chair is still not clearly defined although it is assumed that the Vice Chair may be asked to perform the duties of the Chair if and when necessary.

Now with this ESC, ECOTECH agenda is what this ESC does. In the Term of Reference of the ESC, it is tasked to assist the SOM in coordinating and managing APEC's ECOTECH agenda, and in identifying value-added initiatives for cooperative action. The ESC seeks to advance effective implementation of Part II of the 1995 Osaka Action Agenda and the 1996 Manila Framework for Strengthening Economic Cooperation and Development through consultation with APEC fora and the development of policy management tools and guidelines for projects. During 1999 and 2000, the ESC has succeeded in completing the following tasks: [4]

- examined and reported on the 220 ECOTECH projects that were on-going or completed in 2000 with assistance from the APEC Secretariat;

- evaluated completed HRD ECOTECH projects;

- reviewed the implementation of Part II of the Osaka Action Agenda;

- monitored and reported on the implementation of projects/activities that flowed from the Kuala Lumpur Action Programme on Skills Development and the APEC Agenda for

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[3] The former name of this subgroup was Infrastructure Workshop (IWS) and was part of the Economic Committee (EC). In 1999, it was moved from the EC to the ESC for better working arrangements. In 2000, the IWS requested the ESC and SOM to change its name to GEI, which the ESC and finally SOM approved.

[4] This information is obtained from the website of the APEC Secretariat based in Singapore. See, http://www.apecsec.org.sg

Science and Technology Industry Cooperation into the 21st Century endorsed by APEC Leaders in Kuala Lumpur, Malaysia in 1999;

- established a system of focal points (coordinators) to review progress in the implementation of the six priority ECOTECH themes under the 1996 Manila Declaration. In 2000, the ESC reported on the themes relating to Capital Markets, Economic Infrastructure and Sustainable Development;

- reported on the implementation by APEC fora of its Guidance on Strengthening Management of APEC ECOTECH Activities;

- proposed refinements to the ECOTECH Weightings Matrix, that was designed to provide APEC fora with a better appreciation of the overall ECOTECH priorities, including desired project outcomes; and

- launched the ECOTECH Clearing House (http://www.apec-ecotech.org)- a website that indexes all relevant information on APEC ECOTECH activities. The Clearing House also facilitates the exchange of information between potential partners in ECOTECH activity, in particular the identification of ECOTECH requirements and the capacity to provide appropriate expertise to meet those needs.

Through the eyes of the general public, the above achievements look quite impressive. And imagine that all these activities were carried out on voluntary basis by the personnel of the economies involved, plus the work of officers at the APEC Secretariat Office in Singapore who are themselves officials from APEC economies on temporary secondment from their home offices. It is undeniable, therefore, that the cooperative spirit is still very strong within APEC members, and this spirit keeps reinforcing itself through frequent meetings among these APEC officials throughout the year, creating what could be called ‘peer pressure’ to keep up the good work. However, it is undeniable also that the work of the ESC and other related economies on ECOTECH activities is not without problems. There are several sources of information already available which analyse and comment on the problems of ECOTECH activities in APEC. [5] It suffices to briefly mention some of the problems here.

(a) Lack of Resources

APEC has intentionally maintained a very small secretariat to save costs, but then the professional staff of the APEC Secretariat can do no more than just keep and publish records of the meetings, facilitate various meetings of APEC fora, and follow up on the tasks

[5] See, for example, APIAN (2000); Medhi (2000b); FDC (2000); and FDC (2001)

assigned by senior officials, ministers or leaders. They do not have time or the orientation to do serious analysis of specific issues such as the appropriateness of a certain initiative, or the effectiveness of a certain project. Some economies which volunteer to perform certain tasks face the same lack of resources. The post of ESC Chair which will be rotated among APEC members will depend on the financial support of the government to which he or she belongs, which can seriously hamper his or her work if these resources are lacking. Some economies did provide financial assistance to the operations of various APEC activities, but there are inequalities of treatments among these activities. For example, the Japanese government provides up to 500 million yen annually to promote research and activities on TILF projects but does not allow this money to be used for ECOTECH projects.

(b) Lack of Authority

Although the ESC is the only subcommittee that SOM has created to work directly under it, SOM does not give much power or authority to its subcommittee. The ESC Chair or his representative has no rights to participate in any meetings of the working groups or APEC committees or subcommittees unless invited, even though those meetings are about economic and technical cooperation, and one of the duties of the ESC is to coordinate the operations or outcomes of those activities. Perhaps this is the standard etiquette and practice within APEC when members are very sensitive to one another regarding interference in their own internal affairs. But this can lead to inefficiency or ineffectiveness of policy decisions. To give one concrete example: the ESC has designed the so-called ECOTECH Weighting Matrix as a tool for members or APEC fora to rank their projects submitted for the APEC Central Fund using points system. But these points are given by the proposers themselves, not by outside evaluators, and they are to be assessed and evaluated by the fund manager, the Budget and Management Committee (BMC) without any participation from the designer of this Matrix, the ESC.

(c) Lack of Technical Capability

But even if the ESC is to be given an opportunity to assess or evaluate these projects, it is doubtful whether members of the subcommittee would be qualified to do the job well. The lack of technical capability of the ESC to do this assessment and evaluation of the APEC proposals and project outcomes was evident in the ESC attempt to evaluate the completed human resources development (HRD) projects in 1999. The assessment was done by individual economies (self assessment), and the results were so varied that no meaningful conclusions could be made out of this exercise. The ESC was forced to ask the permission of SOM to

engage outside experts to do this assessment and evaluation job for it. [6]

(d) Too Diverse ECOTECH Activities

There are several parties or bodies that can generate ECOTECH work programs for the ESC. Economic leaders are of course the supreme source of initiatives that will be filtered down to the ESC to do or to coordinate or evaluate. Then came the decisions or initiatives of various ministers, senior officials, other committees, or various working groups. As can be seen from Box 1, the APEC Secretariat has currently listed 19 initiatives that fall under ECOTECH activities. Not all of these activities are equal in size and significance, but no one knows how to rank them. They may have neither a definite beginning nor a definite ending. So, there is a tendency for some activities to bunch up and diverse attention from more important activities. A good case in point is the APEC Food System Initiative which was conceived in 1999. In 2001, it is still unclear how this could be handled in the ESC. Apart from these initiatives, various working groups also have their own agenda and interest to pursue their own activities. Many of these activities are of course of ECOTECH nature, but few would know what have taken place at each working group. The line of communications between working groups and the APEC process at large is very thin. The lead shepherds of all working groups are required to meet with SOM only once a year (normally at SOM1), at a meeting that lasts only a few hours. There is no way that the ESC could coordinate the ECOTECH agenda emanating from all working groups at present.

(e) Lack of Cooperation and Support from Within and Outside

While APEC senior officials should be commended for their hard work and devotion to the ideal principles of APEC (and part of this could be explained by the camaraderie that they maintain throughout their APEC assignments), the same thing cannot be said with respect to officials in other ministers, or ministers in other ministries, or the economic leaders themselves. But fortunately, however, in most economies, these APEC senior officials are influential and could sway or pull the attention of ministers or leaders to the common causes of APEC. But outside the official circle, APEC still suffers from the lack of support from the business and private sectors, the academic community, the non-governmental organisations, and the civil society at large. Without the support of all these non-official circles, the success of APEC in the domestic economy will be difficult. Not only that these non-official organizations should be informed of what APEC is doing,

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[6] Although the permission was granted in principle, the actual engagement of outside experts for this assessment may still take some time as some members are still reluctant to allow their projects to be assessed or evaluated by outsiders.

they may have to be invited to participate more in the decision making and the operation of APEC policies.

3. Plans for the Re-organisation of the ECOTECH Agenda

The above problems would be obvious to anyone who has a chance to participate in the APEC process and engage in its activities. As far as the ECOTECH activities are concerned, the ESC has been trying to do some re-organisation of the ECOTECH agenda and its ensuing activities. There are three areas of activities that define ECOTECH agenda: coordination of ECOTECH activities through the outcomes of various ECOTECH projects, including their assessments and evaluation; dissemination of these results to other organisations both in public as well as private sectors; and participation in activities that many outside the official APEC circles are involved. Under this broad framework, the re-organisation plans are now taking shape.[7]

(a) Plans for Better Coordination

As mentioned in the Term of Reference, a major function of the ESC is to help SOM coordinate ECOTECH projects in APEC. By coordination is meant both the compilation of all ECOTECH projects in APEC and the evaluation of these projects. On the compilation part, the ESC in 2000 supported the New Zealand initiative to sponsor an effort to compile and index all ECOTECH projects undertaken by all APEC working groups and fora during the last 5 years and organize it in a web-based database system. This project was completed in late 2000 and the outcome, the ECOTECH Clearing House Facilities System, was launched by the Economic Ministers in Brunei in November 2000. As this ECOTECH Clearing House is a 'live' system, meaning that new information will be regularly added to the basic structure, it should provide an up-to-date information on all ECOTECH projects, past and present.

The evaluation of the finished ECOTECH project is more difficult. As mentioned earlier, self-assessment of the completed projects by responsible economies does not work, and some outside experts are needed to conduct this evaluation. In 2000, the APEC International Assessment Network or APIAN, a consortium of scholars from APEC Study Centers throughout the APEC region, was asked to participate in the meeting of the ESC to explain to ESC members the work that they were then doing. This was done with a possibility that APIAN may be invited to act as an external

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[7] It should be mentioned that there is no such thing as a physical 'Reorganisation Plan'. The plans described here are my own initiatives to improve the functioning of the ESC on its ECOTECH agenda. Only those plans receiving support (or at least acquiescence) of ESC members were mentioned here.

assessor and evaluator of the ECOTECH projects. In November 2000, APIAN succeeded in completing its first policy report on APEC with relevant sections on the evaluation of the performance of APEC in various areas (including ECOTECH areas). [8]

(b) Plans for Better Dissemination

That APEC is run mainly by government officials is not to be disputed, but because the government needs the support of the people to survive, what the government officials have done in APEC must also be supported by the people at large. First, the public at large must be constantly or regularly informed of what happened in APEC. Second, they should be provided with an avenue or opportunity to take part in decision making concerning policies that will affect their lives, or opportunity to express their views or opinions on APEC issues. This is an important policy that the ESC has put a great deal of efforts into. It has succeeded in getting the attention of SOM through its repeated reports and reference to the importance of this dissemination or outreach aspect of APEC. Picking up on SOM's directives, the Public Affairs Division of the APEC Secretariat has recently launched a project to create a better outreach activity for APEC. A private media consultant firm (Ogilvy) has been contracted to help the APEC Secretariat to carry out this public relations policy with an aim to inform as well as to enlist popular support from among the APEC communities.

(c) Plans for Better Participation

Coordination and dissemination are part of the activities that fall into what is known as Type I of ECOTECH function or activities. This is a narrow function of ECOTECH in APEC. It concerns with what government agencies within APEC have carried out among themselves. The ESC has recently argued that APEC, especially ECOTECH, can no longer confine itself to this Type I of activities. On the contrary, APEC has to reach out, to participate in others' activities, or invite or encourage other individuals, institutions, or organisations to participate in APEC activities. These broad function of ECOTECH which involves people outside the official APEC circles is called Type II of ECOTECH function or activities. This does not mean that APEC has never engaged people outside the official APEC circles. In fact one of the strongest support of APEC from the business sector in APEC is from the APEC Business Advisory Council (ABAC). But even in this case, there is still room for improvement. [9] Other organisations that have been associated

[8] Since APIAN did not have the opportunity to explain the outcome of its study at the APEC Ministerial Meeting in Brunei in 2000 (although APEC Ministers were presented with copied of this Report), the ESC has decided to invited the Coordinator of APIAN (Professor Richard Feinberg of the University of California at San Diego) to explain APIAN Report to the Second ESC Meeting in Shenzhen in May 2001.

[9] It may be observed that each year ABAC will come out with a list of advice for APEC, but in the past several years we have yet to see a joint project or activity

with APEC within this category of Type II function of ECOTECH include the Pacific Trade and Development Conference (PAFTAD), the Pacific Economic Cooperation Council (PECC), the Foundation for Development Cooperation (FDC), the Pacific Basin Economic Council (PBEC), and the APEC Study Center Consortium. [10]

4. Specific Examples of New ECOTECH Activities

In light of the plans to improve various aspects of ECOTECH activities referred to above, there are several activities currently being undertaken by member economies under the aegis of the ESC. Some of these activities clearly show new innovations in the areas of ECOTECH which could be looked upon as a new beginning for ECOTECH in APEC. Three of these new activities could be described as follows.

(a) The Updating of the OAA Part 2.

Earlier on we have alluded to the fact that the APEC Summit in 1995 had produced one of the most important documents that set the course of action for APEC towards the realisation of free trade and investment in the Asia Pacific region in the year 2010 and 2020: The Osaka Action Agenda. Part 1 of this OAA deals with TILF matters, whereas Part 2 deals with ECOTECH. The OAA also contains an annex which discusses action programs in specific areas, and these areas usually coincide with the main focus of each working group in APEC.

In 2000, four years after the announcement of this Action Agenda, SOM had asked the ESC to review the implementation of ECOTECH activities under this Part 2 of the OAA. The result of the review has shown that many of these programs had been implemented or accomplished. According to Jaroenjit Pothong (Jaroenjit, 2001) who studied the outcome of the four years of implementation of this OAA Part 2 in some detail, she classified the main substance of the OAA Part 2 into two categories. One is the short-term activities which aim at eliminating the technical barriers to trade in order to facilitate free trade and investment, and the other is the long-term activities which aim at enhancing capacity building necessary for members to achieve sustainable development. She found that essential achievements were found in short-term activities aiming at the elimination of the technical barriers to trade. Best practices and mutual recognition agreements across wide areas of trade and investment such as in telecommunications, transportation, marine resource conservation,

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between the government agencies of APEC with the private sector of ABAC, especially in the ECOTECH areas. See a plea for this closer relations between the ESC and ABAC in Medhi (2000a).

[10] For more detail on how these organisations have become involved in APEC, see Medhi (2000b).

and fisheries, were developed. Also database and network to promote information sharing were established. [11] As for the long-term capacity building activities, she found that it was more difficult to assess the achievements. However, she was of opinion that best practices and mutual recognition could be important elements in the capacity building activities. [12]

Based on the result of this review of the 1995 OAA Part 2, APEC Ministers at their meeting in Brunei in November 2000, instructed the ESC in 2001 to 'develop further the Joint Activities/Dialogue sections of the OAA guidelines'. The ESC, therefore, will be updating the text of relevant sections of the OAA Part 2 and its Annex, with a view to removing those activities that have been accomplished and incorporating new activities that have been endorsed by Ministers and Leaders since 1995. [13] On the surface, this may look like a revision of an old agenda. But indeed there are several new features that make this updating activity a new beginning in the ESC. For the first time in the history of APEC members of the ESC and the working groups have been brought together in a working relationship, as member economies were asked to volunteer to liaise with the working groups or APEC fora in their reviewing and updating of those ECOTECH activities in the OAA Part 2. [14] Moreover, the extensive participation of all APEC fora on this endeavour should guarantee that the outcome of the updating will be very important and useful for the ECOTECH activities for many years to come.

(b) Human Capacity Building Efforts

If there is any single topic that has received the greatest attention from anyone in any forum that talk about ECOTECH in APEC that topic is human capacity building. Actually, this is not at

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[11] And this is one of the reasons why the Trade and Investment Database Working Group was disbanded in 1999.

[12] Jaroenjit Pothong is Special Assistant to the ESC Chair.

[13] In the beginning, there was some doubts and apprehension from some members as to how relevant APEC fora could carry out these assignments. Some would like to regard this OAA Part 2 as a historical document that should not be altered; some would see it as a living document which must change with the time. Eventually a compromise was reached that only the Joint Activities/Dialogue component of Section B is to be reviewed (for the purpose of updating it); the rest of the document will remain unchanged. In the Annex, each forum will have to determine what amendments should be made, taking into consideration its annual or longer term work program and priorities. However, the Goals and Basic Principles in the Common Policy Concepts section would not be changed.

[14] Again there is a great deal of sensitivities involved in this move by the ESC. As the Working Groups have been working independently by themselves from the beginning, any attempts to get involved in their work could be construed as an intrusion or interference. The ESC was at pain to explain to the Working Groups that this was not an intrusion but an opportunity to work together. The word used is for the ESC members to 'latch on' to the work of the Working Groups.

all a new phenomenon. Human Resources Development (HRD) was identified by Ministers when they first met in 1989 to be part of future regional cooperation, and the interest in this topic has been high since then. The interest in HRD is also manifested in the frequency of meetings of the HRD Working Group as well as the number of projects undertaken by economies and APEC fora during the past 5 years. [15] In the Malaysian year of APEC Summit in 1998, Malaysia tried to set up human resources development as the main theme for that year's Summit and indeed was able to come up with the Kuala Lumpur Action Program on Skill Development. But it was unfortunate that East Asia was deep in economic crisis that year, causing this economic bad news to overshadow this new APEC resolve. In 1999, the focus in the New Zealand year of APEC Summit was shifted to trade liberalisation with strong emphasis on competition and market strengthening policies, but in 2000 in Brunei, the focus was shifted back to human resources development again. In China this year, the theme is somewhat broad, but there is little doubt if one looks closely at the preparation of China toward the year-end Summit that China takes ECOTECH in general, and human capacity building in particular, very seriously. [16] In cooperation with Brunei, China had just finished organizing the High-Level Policy Meeting on Human Capacity Building (HLP-HCB) meeting in Beijing during May 15-16, 2001 where more than 500 government leaders, top business executives, educators, and representatives from non-government and international organisations specializing in human resources development attended. This HLP-HCB meeting has produced the Beijing Initiative on APEC Human Capacity Building which sets a framework for future development of human capacity in APEC in the years to come.

It should be mentioned also that, in a separate effort, the Chinese Academy of Social Sciences under the leadership of Professor Zhang Yunling, in cooperation with Professor Peter Drysdale of the Australian National University has completed a study on China's APEC agenda for this Summit year in Shanghai (see Zhang and Drysdale, 2001). In the part that is related to ECOTECH, Zhang and Drysdale clearly stated that APEC's capacity building strategy needs to be sharpened in two fundamental ways: (1) the vast list of ideas needs to be reviewed and reduced to a

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[15] In 2000, the APEC Secretariat conducted a survey of how all the ECOTECH projects could be classified among the six priority themes of ECOTECH. It was found that 70 out of 220 projects or about one-thirds fell under the category of developing human capital. The rest spread around the other five themes. See APEC Secretariat (2000c).

[16] The main theme of the 2001 APEC Summit in China is 'Meeting New Challenges in the New Century: Achieving Common Prosperity through Participation and Cooperation', with 3 sub-themes consisting of (1) sharing the benefits of globalisation and the New Economy; (2) advancing trade and investment; and (3) promoting sustained economic growth.

more manageable set of coherent programs, and (2) a few capacity building activities that have been found to be successful on a small scale be implemented on a larger scale. They suggested that the ESC begin to review the large range of activities underway or under consideration. According to Zhang and Drysdale, to be effective, the review process must be able to devise a SMART program to do it. This is the program that must be Strategic (S), Measurable (M), Achievable (A), Realistic (R), and Time-bound (T).

As for the ESC, which was at the center of all these new changes, it has been given a completely new role to play. The APEC Ministers during their meeting in Brunei in November 2000 stated that the emergence of the New Economy had created a new dimension for human capacity building. So, in this regard, they had tasked the ESC to prepare a human capacity building strategy that would define the objectives, priorities and principles for APEC to respond to the challenges of the new environment. A special coordinating group of HRD representatives led by the ESC was established during SOM1 in China in February 2001 to prepare annually a Report on Human Capacity Building in APEC. Due to the broadness of areas that human capacity building could be relevant, the ESC has requested to SOM to limit its attention to human capacity building in the New Economy at the start, to be able to expand to other areas as it becomes more experienced. The first Report of Human Capacity Building in APEC on the New Economy is expected at the end of 2001. [17]

(c) Individual Action Plans of ECOTECH (ECOTECH-IAP)

So far, it could be argued that ECOTECH has made an inroad into the thinking of many people as to its promising role in bringing about a faster realisation of freer trade and investment in the Asia Pacific region, and also more sustainable development among less developed APEC members. In its latest, and probably most exciting development to date, APEC Ministers in their 12th meeting in Brunei in November 2000, had reaffirmed the importance of ECOTECH in achieving the Bogor goals of free trade and investment in the APEC region by 2010 and 2020, and as a means to a more focused and intensified action agenda, had instructed

[17] One of the first activities under this new task of the ESC is to agree on some common definition of the New Economy. Apart from the definition by Dr. Catherine L. Mann of the Institute of International Economics, who volunteers her study to help the Economic Committee on its work on the New Economy, several economies have also expressed their views on the definition of the New Economy. It is expected that the meeting of the Human Capacity Building Coordinating Group (HCBCG) during SOM2 in Shenzhen will agree on the definition which will set the framework upon which a strategy for human capacity building could be built.

APEC officials to consider the possibility of establishing individual action plans or IAPs on ECOTECH. [18]

To understand this new concept of ECOTECH-IAP one must start with the older and more established concept of TILF-IAP. Part 1 of the OAA had recommended that each APEC member initiate individual action plans for its own trade and investment liberalisation with the year 2010 or 2020 in the horizon. The first TILF-IAP format was developed by the CTI in 1996, then one after another, members were able to construct their own TILF-IAPs in subsequent years. A typical IAP would consist of a summary cover sheet which gives a summary of specific changes against the last version of the IAP, a summary in matrix form detailing actions for the short term, the medium term, and the long term for each TILF issue specified in the OAA, and a narrative bullet-points summarising the highlights of the IAP, heading statements, and detailed statements. Members will take turn offering their IAPs to be reviewed by their peers which take place regularly during SOM. Despite a report by a group of researchers that the progress of these IAPs among all APEC members were slow and uneven, the TILF-IAP concept remains one of the most progressive examples of concerted unilateral efforts at trade and investment liberalisation. At least the concept of IAP has become so well known that it is often used to show the uniqueness of APEC's voluntarism. In other words, IAP has assumed a special meaning that goes beyond the pure factual details of what have been included in the matrix of tariff and non-tariff changes. The TILF-IAP has reflected the individual, unilateral, commitments of APEC members towards free trade. It is this type of meaning that the word IAP is to be better understood.

The situation that leads to the proposal for an IAP on ECOTECH could be traced to a new thinking on the role of ECOTECH in APEC. ECOTECH now means more than just modality of preparation for free trade and investment, it also means a separate, stand-alone, endeavour to develop each individual economy into a self-sustaining and economically sustainable entity. A new way of thinking has replaced the narrow, self-serving view of free-trade-at-all-costs. Free trade should bring in mutual net

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[18] It was reported that this idea of the ECOTECH-IAP which was the basis for the Ministerial agreement in 2000 came from Mr. Kono Yohei, then Foreign Minister of Japan. Although many people have mentioned about IAP on ECOTECH before—I myself mentioned about this during SOM2 in Brunei in May 2000, and Andrew Elek also wrote about this in his paper in October 2000 (Elek, 2000), Mr. Kono should be give full credits for successfully pushing forward this innovative idea among his ministerial colleagues. It should be noted also that it was the same Mr. Kono who, as the Japanese Foreign Minister in another government, also proposed the idea of the Partnership for Progress (PFP) in 1995 in Osaka which became one of the earliest models of ECOTECH activities that are qualified to be called an ECOTECH-IAP in the present discussion.

benefits, not the gain to one and the loss to the other. So, to help these economies to attain the level of development that trade and investment with one another will begin to produce mutual net benefits is part and parcel of the new thinking on the meaning of ECOTECH.

Therefore, an individual action plan on ECOTECH can be looked upon as a commitment by APEC members to achieve either one of the two or both ECOTECH goals mentioned above. As these two goals will converge in the end, there is no conflict if one is achieved ahead of the other. [19] But it could be argued, however, that ECOTECH can be very wide, encompassing a large area of economic and other social activities. What parts or aspects of ECOTECH should members be involved in in their individual plan of action? Taking note of the existing system of activities being undertaken by various working groups under APEC, these activities could be adopted as chosen activities under ECOTECH-IAPs. Or to make the whole process more manageable and more focused, only one or two major ECOTECH activities may be selected first, with other activities to be added or included later on. A good candidate for the first activity to be selected is of course human resources development or human capacity building as this is a well-recognised area that can bring about desired growth and development in any economy. [20] But this should not limit the choice and selection of any economy which finds a more appropriate activity in other areas.

Another way of looking at the true meaning of ECOTECH-IAP is to consider this new APEC activity as the missing link that will complete the whole circle of the APEC process. As things stand at the moment, only TILF has it individual action plans and collective action plans (CAPs), and as pointed out earlier, these activities were explicitly mentioned in the OAA Part I, whereas no equivalent actions were given on ECOTECH in the OAA Part II. As Japan, one of the proponents of ECOTECH-IAP, put it, while this OAA Part II has suggested a variety of ECOTECH measures to be undertaken by member economies, their implementations have not been followed seriously by member economies. In this respect, Japan has proposed that APEC be equipped with another separate engine to promote ECOTECH activities, that is to say, while all members, on the one hand, collectively implement the decisions made by

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[19] This is a matter of domestic politics and strategies rather than international relations matters. Some economies may opt for free trade first and use the change brought about by free trade to mount domestic policy changes that will bring faster and more sustainable growth later. Other economies may do the opposite, that is to develop local economy first before open up more fully.

[20] This was indeed the position taken by Singapore in its proposal to prepare a prototype of an ECOTECH-IAP on human resources development for members to consider for adoption. This position and proposal has received wide support among APEC member economies in the meeting.

leaders and ministers concerning ECOTECH, each member is, on the other hand, expected voluntarily to take such individual actions as listed in the OAA Part II.

Despite the enthusiasm of the proponents of this ECOTECH-IAP, this concept is not without its sceptics. The followings are some of the reservations on the idea of ECOTECH-IAP expressed by some APEC economies:

- There is no added value in an ECOTECH-IAP
- ECOTECH-IAP idea and concept overlaps with the already existed ECOTECH Clearing House Facilities
- The ECOTECH-IAP outcome, unlike TILF-IAP outcome, is non-quantifiable
- ECOTECH is a collective activity; it is possible to do this alone or unilaterally
- ECOTECH-IAP is an ODA program in disguise
- The word IAP causes confusion because it belongs to TILF area

This is not the place to debate the truths or falsities about the above questions or reservations on ECOTECH-IAP. [21] Suffice it to say that proponents of this ECOTECH-IAP have successfully explained the true nature of ECOTECH-IAP to its critics, so that some kind of prototype of ECOTECH-IAP could be forthcoming at the end of the year. It is possible that this ECOTECH-IAP prototype could be one of the deliverables that the APEC Leaders will announce in Shanghai in October this year.

5. Summary and Concluding Remark

In this paper I have discussed the origin of economic and technical cooperation in the APEC process, the organisational structure and the problems involved in the conduct of ECOTECH agenda in APEC. I am of opinion that ECOTECH elements in APEC have become much more important nowadays due to the fact that the level of economic development of some APEC members must be raised so that all members could and would be able to engage in freer trade and investment with one another. And ECOTECH could help members attain that through the process of human resources development, human capacity building, and other forms of economic and technical cooperation. And in keeping with the prospects of greater importance of ECOTECH in APEC, several new initiatives have been made, and new procedures have been installed, to make a new beginning in ECOTECH agenda. We have seen plans for better coordination, dissemination, and participation

[21] For detailed discussion on how these questions or reservations are answered see, for example, Medhi (2001).

in ECOTECH, with the decisions to update Part 2 of the OAA, to start working on Human Capacity Building Strategy, and to consider establishing the individual action plans on ECOTECH (ECOTECH-IAP) as three of the most initiatives for ECOTECH this year.

ECOTECH component in APEC is often referred to as the third leg or third pillar of APEC, the other two pillars being trade and investment liberalisation, and trade and investment facilitation. At other times, ECOTECH is also referred to as the heart of APEC without which the life of APEC cannot be sustained. Recently a new metaphor for ECOTECH in APEC has been devised. ECOTECH is now seen as the second wheel of a bicycle that, together with the first wheel of TILF, enables a bicycle to move forward. [22] This is an interesting change from the old 3-pillar concept of APEC in the sense that the new concept elicits the sense of forward movement and balance, in contrast to something that stays put. This new analogy also gives greater importance to ECOTECH in comparison to TILF. Indeed, it could be construed that ECOTECH is the rear wheel of a bicycle, and all bicycles are rear-wheel drive!

Another separate development concerning APEC that in fact can be seen as a boost to the posture of ECOTECH is the advent and proliferation of bilateral free trade agreements (FTAs). To some, this poses a threat to the cohesion of APEC in its trade liberalisation efforts. To others, this does not. For those who dismiss this FTAs as a threat to APEC usually believe in the dual system where bilateralism and multilateralism can go hand in hand. Indeed, the emergence of these FTAs can enhance the ECOTECH aspects in APEC (and possibly the trade and investment facilitation aspects as well) by default. How? Once the Bogor goals are set and the IAPs on trade and investment liberalisation are in place, the urgency in this aspect will become less (but pushed along concurrently by bilateral or regional FTAs). In its place, ECOTECH will become more important as members are trying get ready for the eventual free trade and investment in the Asia Pacific areas. The disappointment of the failure to launch a new round of multilateral trade negotiations (not the fault of APEC), will be more than made up by the success of this ECOTECH-IAP.

Recently, after the EVSL fiasco and several failures in its push for new rounds of multilateral trading negotiation, as well as the proliferation of bilateral FTAs as mentioned above, Professor Yamazawa Ippei, a well known expert on APEC, asked a critical

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[22] I heard this for the first time from Mr Wang Guangya, the SOM Chair of China for 2001, in his opening remark at the Policy Dialogue Group Meeting organised by the Foundation for Development Cooperation and the China National Committee of the Pacific Economic Cooperation Council in Beijing on 20 April 2001.

question: Is APEC dying? (Yamazawa 2001). It should be obvious from the above account that, not only that APEC is not dying, but it will prosper under the new role of ECOTECH in APEC. The all-out attempt by China this year to promote human capacity building in APEC, a clear ECOTECH objective, will prove this to be true. By then, the question posed by Professor Yamazawa will become irrelevant.

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Box 1: APEC ECOTECH Initiatives

Since 1995, APEC leaders and ministers, and other officials in various APEC fora, have initiated several activities under the broad framework of ECOTECH. As of May 2001, the following ECOTECH Initiatives are being implemented by APEC economies, the ESC, and various other fora in APEC.

- Action Agenda for the New Economy
- Agenda for S&T Industry Cooperation into the 21st Century
- Asia Pacific Information Infrastructure (APII)
- Beijing Initiative on APEC Human Capacity Building
- Blueprint for Action on Electronic Commerce (e-Commerce)
- Cleaner Production Strategy
- Early Voluntary Sectoral Liberalisation (EVSL)
- Economic Governance Capacity Building Initiative
- Emergency Preparedness
- Integrated Plan of Action for SME Development (SPAN)
- Kuala Lumpur Action Programme on Skills Development
- Manila Declaration on Ecotech
- Mexico Declaration on Science & Technology Cooperation
- Natural Gas Initiative
- Osaka Action Agenda – Part 2 (ECOTECH)
- Partners for Progress
- Sustainability of the Marine Environment
- Sustainable Cities
- Vancouver Framework for Infrastructure Development

Source: APEC Secretariat

Box 2: Chronology of Human Capacity Building Activities in APEC

1989-1991: Human Resources Development (HRD) was identified by Ministers when they first met in 1989 to be part of future regional cooperation. Early areas for cooperation in HRD included business management, training in industrial technology and education.

1992: First Education Ministerial Meeting (Washington DC, USA): identified need for research into effective instructional practices that meet the needs of the 21st Century, including the appropriate and effective use of new technologies for instructional purposes, and widespread dissemination of the results.

1993: In Seattle, Leaders endorsed an Education Program (leading to establishment of APEC Study Centers and APEC Education Foundation) and Business Volunteer Program (volunteer exchange program to promote HRD).

1994: In the Bogor Declaration, Leaders identified HRD as a means to sustain growth and reduce economic disparities among APEC economies. APEC Human Resources Development Framework endorsed by Ministers sets out the goals, principles, and priorities for HRD in APEC.
Goals: promote well-being of region's peoples through economic growth and development by planning, developing and implementing practical and appropriate education and training for present and private sectors (including non-workers).
Priorities: basic education, regional labour market analysis, SMEs, entrepreneurship, lifelong learning, improved education/training materials, skills development opportunities.

1995: Osaka Action Agenda provided template for future APEC work in 13 identified priority areas of economic and technical cooperation, including HRD. The Action Program for Human Resources Development included work on facilitation, mobility of researchers, higher education.

1996: First HRD Ministerial Meeting (Manila, Philippines) endorsed the creation of a Labour Market Information Database and highlighted importance of SMEs, mobility of persons in HRD, services and executive education/development. APEC Framework for Strengthening Economic Cooperation and Development endorsed by Ministers I Manila identified 'developing human capital' as one of six priorities for ECOTECH.

1997: Second HRD Ministerial Meeting (Seoul, Korea) highlighted the need for linkages between learning and work, skills

development, enhanced labour and management cooperation in HRD. ECOTECH Sub-committee (ESC) was established to coordinate ECOTECH effort across APEC.

1998: 'Development human capital' was a priority throughout 1998. Kuala Lumpur Action Program on Skills Development endorsed by Leaders provides for mutually beneficial partnership between public and private/business sector in skills development.

Leaders endorsed the Agenda for Science and Technology Cooperation into the 21st Century proposed by China in 1997 which encourages enhanced collaboration and cooperation in S&T within APEC through innovation and sustainable regional S&T networks and partnerships.

1999: Third HRD Ministerial Meeting (USA) endorsed the HRD Plan of Action on labour market policy, social safety nets, workplace security. Specific action items include mutual recognition of professional skills,, labour-management relations, retraining, school-industry linkages.

2000: Second Educational Ministerial Meeting (Singapore) identified four strategic areas in gearing education systems for the 21st Century, including IT as a core competency in learning and harnessing its to enhance teaching and life-long learning (other areas relate to quality of teaching and teacher development; sound management practices among education policy-makers and practitioners; and active engagement among APEC economies in education cooperation).

Leaders acknowledged the need for HRD to adapt to the changing and globalising economy, and endorsed the Human Capacity Building initiative to bring in stakeholders into APEC HRD efforts. Components of the Initiative are: (a) APEC High Level Meeting on Human Capacity Building; (b) APEC Strategy on Human Capacity Building; (c) Annual Report on Human Capacity Building.

2001: China as APEC Chair 2001 will jointly host with Brunei a High Level Meeting (HLM) bringing together government/public officials, business people and education/training providers to shape the way forward for HRD/HCB in APEC into the new economy.

Fourth HRD Ministerial Meeting (Kumamoto, Japan, 29-30 September 2001) will focus on the theme 'HRD for both the advancement of society and economy and the sharing of prosperity with people in the context of globalisation.

Source: APEC Secretariat